

5-6-72

Bridal Veil Falls -

Asking Price 225,000
+ Inventory 7,000

232,000

Terms

25,000 cash

Stock (Limbs)

207,000

50,000

157,000

Date? Balloon Payment yrs.

28,000

$\frac{1}{6} = 466.66/yr.$
 $\times 6 yrs$

Annual Payments 19,800
+ Quarterly Interest

3157,000

.06

\$942000/yr.

New cable cost

5000.00



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What are assets of Bridal Veil

1. Falls = drawing card
2. Possible Terminal -
3. Food concession
4. Gift concession

1. *Phyllanthus* - *Phyllanthus*
2. *Phyllanthus* - *Phyllanthus*
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10. *Phyllanthus* - *Phyllanthus*

Questions about Bridal Veil

1. Is it a good terminal?
2. Would we pay that much to get a better turn around terminal @ Rotary Park or Vivian Park?
3. What are all the costs of doing business?
 - a. Wash Co. Business license
 - b. Liability Ins - 5300.00
 - c. Cost of Mtce of Bldg on Hedge above
 - d. Extra costs of transporting food to hedge
 - e. Wood structure Mtce paint etc
 - f. How many personell -
 - g.

4. Is there any way to extend the season beyond 15 May or 30 Sep?

5. Can we project enough from this one year of operation

Questions about Book 101

1. Is it a good example?
2. What are the main points?
3. What are the main points?
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NOTES ON BRIDAL VEIL FALLS

Lowe Ashton was called on the afternoon of April 25th, by Mr. Ralph Horton, to see if we were interested in the purchase of Bridal Veil Falls. I said at the original price of \$400,000.00 we definitely were not. Ralph said they wanted a lot less, and wanted to come up. I said come ahead.

I immediately called Rick Borwn to determine if his contacts with the State Park's attorney had developed any position of strength we might have because of the structures owned by Bridal Veil Falls that are on railroad right of way. Rick reported that he should check on this further with the State Road lawyer, but initially it appears that Bridal Veil are on there without rights and we should assume so on our negotiations.

Owners of Bridal Veil Falls: Dick Farwell: School teacher, Breckenridge, Colorado: Box 563, 80424 Phone: 304-453-2513 (School) 468-2578
Duke Wellington: 1748 Sandpiper, Naples, Florida, 33940: Phone 813-774-5098 (retired?)
Bill Grubbs: Structural Engineer: Breckenridge & Denver, works for Whittier Corp. (Lowe has not met this one).

Property at the Falls is listed with the W. Adrain Wright Inc. realtors, Salt Lake City, M. J. Ralph D. Horton, Agent.

Meeting of April 26th:

Asking price: \$225,000.00 plus an inventory estimated at \$7,000.00 which they offered to consign.

Terms: \$25,000.00 in cash, around \$2,000.00 in stock in HEBER CREEPER, assumption of their existing debt (My notes were a bit fuzzy here, they could have meant the balance of their equity in stock.)

Note: They have a note of \$157,000.00 which includes a \$28,000.00 balloon payment at the end of six years. This \$28,000.00 was interest in arrears at the time of purchase and the bank agreed to tack it on the end of the note. The note is an S.B.A. Bank Participation 75% S.B.A. at 5% and 25% Bank at 6% (there was some question about the fraction, it may be the S.B.A. rate is 4% and the bank rate is 6.5%). Principle is payable at the rate of \$6600.00 per payment, due in July, August and September. Interest is payable Quarterly. Check made by Mr. Horton with both S.B.A. & and Bank indicate an interest in considering rewrite and extension.

Insurance: Liability Insurance runs \$5300.00 per year, average, and is payable in three summer payments. The balance of the insurance is \$177.57 per month. (These figures do not add up to statement for some reason. It may be that they are on a fiscal year basis. so, the loss would be greater than the statement shows) (CHECK THIS)

Season: Approximately May 1st, close latter part of September. (This has been very sporadic, and there is not a pattern.) There has been no attempt to keep patronage figures on some basis to determine break-even points, no apparent records on wages as to division, ie: food, tram, gift store, no determine of where patrons come from etc.

Banker: Central Bank & Trust Co. Provo, Mr. Bo Barlow, Phone: 75-1000

Accountant: Mr. Rex Reynolds, Manager Provo Savings & Loan, 290 West Center, Provo.

225,000
7,000
232,000
157,000
75,000

6600
3
19800
yr.

Meeting April 26th: Sent Ed, Dennis and Gordon to inspect facilities from a mechanical standpoint. Also to attempt to determine if their land would allow us to have a turntable down the road from Bridal Veil Falls towards Nunns:

Dennis: If you combine our right of way with the Bridal Veil Falls property, there is a possibility of putting a turntable at the lower end of the line. But we would also need a passing track. The expense of a turntable appears to be prohibitive at the present time. My recommendation would be to work out some type of situation at Vivian Park so that we could build a wye and turn the engines there and utilize a passing track which will have to be built someday at Bridal Veil Falls.

As a Compromise in the meantime until the wye or turntable can be consummated would be to build a passing track at B.V.F. and continue to run the engine backwards one way and discontinue the stop at Vivian Park.

Any new installations that are put in such as passing tracks, wye, turntables, etc. should be considered under capital improvements instead of maintenance of track.

Gordon: As far as mechanically speaking, the maintenance end regarding technical aspects should be left to people who are prominent in the field, such as electronics firms, ski lift companies, etc. Day to day maintenance such as oiling, changing fuses can be handled by the Company. Once competent operators have been trained, the procedures should be fool proof as far as making it go up and down the hill. There is a possibility that the running cable might have to be replaced in the near future at a cost of at least \$5,000.00. But it would be good to bring in a consulting engineer to determine exactly what the conditions are.

- Ed: 1) The falls exist as a noted and popular tourist attraction.
 2) Utah County feels the falls represent one of their greatest tourist attractions. Thus they promote it as often as possible.
 3) The CREEPER serving the falls places the train into a known terminal which already has facilities to entertain the public while they wait for the train.
 4) The building at the base station could be enlarged and designed to resemble a Swiss Chalet for accomodating a greater number of the dining public. The sewer situation in Provo Canyon prevents the enlargement of the base station at the falls. On this new sewer is installed the locating of a dining car in a station display is possible at the falls.
 5) The parking situation is a serious problem. They have three acres sitting undeveloped at this time. By the removal of a few trees and the brush, this area could be leveled and graded for conversion to a wooded parking lot and/or picnic area since this property joins Rotary Park's picnic and parking facility.
 6) Since the falls is an established tourist attraction and we did serve it last year, we have set a precedent which should require continued service into the falls. The railroad company should control and manage the entire facility since the public relates the CREEPER to the image presented at the falls. In short, our patrons assumed in the past that we run the falls as well as the train, thus our total image is directly related to their public relations if we continue to run the CREEPER all the way into the falls as a southern terminal.

so does
 ← space

Lowe visited for a few minutes, wanted patronage figures in number of people involved: ie employees, and where they worked, and people handled. Also, if possible some idea as to costs per day. (Got very little). Went to Provo, talked to Mr. Reynolds, got little. Talked to Delance and Tom, our accountants. They feel there is definite possibilities, feel management has been deplorable. ?

Monday Evening: May 1st: Ralph Horton called Lowe and asked how we were coming. I stated that to this date I had not been able to get in contact with the Banker, and that I expected to receive a considerable larger amount of information from the owners before I felt prepared enough to go to our Directors. Specifically:

1. A description of the Expense item: "Restricted Convenance"
2. A qualified Engineers Report on the condition of the mechanical equipment, and the life expectancy factors and projected repairs and maintenance factors we could expect. (Qualified being someone recognized as an expert in aerial tramways).
3. Blue prints on all structures, preferably with elevations. ?

Mr. Horton then said that the owners would consider a lease with an option to purchase, would we pay them around \$40,000.00 plus a value on the gift inventory for the coming season? I told them to kiss it good-bye.

Tuesday Morning, May 2nd: Mr. Horton called again, said he knew we would reject their proposal, but said that the owners would accept a minimum amount of money that would guarantee amortization of debt, plus a share of any income generated above direct expenses if the leasee would pay all expenses including nominal repairs of a regular nature. Inventory of goods in gift shop would be consigned, the operation would be responsible for what goods that were there in the beginning but sold or lost during the season. I then said we were getting close and would be back to them.

Lowe then called Mr. Stan Briggs of I on to see if they were interested, and Mr. Narkos of Screen Graphics (our gift concessionaire). Both expressed an interest and we began to arrange for the Directors Meeting on Saturday.

Wednesday: Got Mr. Horton to agree to open up Saturday for inspection.

FINANCIAL STATEMENTS:

We were able to acquire a few working papers from this operation. In our estimation they indicate the following:

1. During the season of 1971, there appears to be an indication of internal theft. The margins on food and in gifts were both low, and the owners admitted that they were lower than traditional, and acknowledged some probable internal problems. The records are extremely spotty and inadequate, and it is not hard for the writer to imagine that it was extremely easy to steal. Also, they did provide us with a daily resume of the number of tickets sold last year, including a breakdown as to type: Fares - Adult \$2.00, Child \$1.00, Student \$1.50 and Family \$6.00.

From this we were able to determine the number of people that probably purchased Tram tickets using a factor of 4.5 people per family rate) was 36,522 people. Note the money factor from these sales exceeds the Tram

sales reported on the Profit & Loss Statement by \$14,921.00. We have not been able to determine why this tremendous discrepancy.

Also, the Financial Statement shows a non-cash expense of "Restricted Covenant" of \$4,167.00 (again, 9 mo. statement) and Depreciation expense of \$16,205.00 or a total of \$20,372.00 (again a 9 mo. statement).

Since their principle payments required on their debt is \$19,800.00 per year, it is fairly easy to see that all we have to do is break even on the actual operations, and we should be able to eliminate any cash loss due to the operation for a year.

MEETING: Saturday, May 6th at 9:00 A. M. at Bridal Veil Falls.

BRIDAL VEIL FALLS CORPORATION

Mar. 1, 1971 to Dec. 31, 1971 = 9 mos

	For	Calls	Total
Income			311,651.45
Sales	40,222.56	332,252.89	372,475.45
Cost of sales		212.31	212.31
Inventory 3-1-72	5,024.63	22,311.99	27,336.62
Purchases	5,024.63	20,341.27	25,365.90
Total		20,341.27	20,341.27
Less Inventory 12-31-72		20,341.27	20,341.27
Cost of sales	4,372.22	11,970.99	16,343.21
Gross profit on sales			356,132.24
Gross profit on thruway			
Total gross profit			356,132.24

Expenses

Advertising
 Amortization of restricted covenant
 Automobile expense
 Commissions
 Depreciation expense
 Freight & shipping
 Insurance
 Interest expense
 Professional services
 Miscellaneous expense
 Music & dance
 Office expense
 Payroll taxes
 Repairs & maintenance
 Supplies
 Tax & licenses
 Cash short
 Utilities
 Wages

2,100.23
 1,107.00
 241.10
 445.01
 10,205.00
 200.01
 5,521.17
 1,172.21
 1,225.00
 1,741.41
 200.00
 171.22
 322.51
 5,480.43
 1,135.40
 1,219.01
 1,112.22
 1,112.22

35,417.77

320,714.47

Net Loss

BRIDAL VEIL FALLS CORPORATION
BALANCE SHEET
Dec. 31, 1971

ASSETS

Current assets:

Merchandise inventory

\$ 9,682.59

Fixed Assets:

Buildings

101 9.38

Less allowance for Depn.

2 2.00

\$79, 10.38

Tramway

105 8.26

Less allowance for Depn.

29 0.90

76, 37.30

Equipment

7 8.63

Less allowance for Depn.

2 2.00

4,600.63

Signs

2 1.28

Less allowance for Depn.

1 0.00

1,308.29

Trails

3 0.30

Less allowance for Depn.

— 0.00

208.50

Land

14,576.00

170,000.16

Other Assets:

Restrictive Covenant

5,000.00

Total Assets

185,582.75

LIABILITIES AND OWNERS EQUITY

Liabilities:

Current liabilities

Bank overdraft

220.77

Accrued taxes payable

221.48

\$ 4,452.25

Mortgage payable

1,011.29

deferred interest payable

1,078.60

157,140.39

Notes due to officers

18,052.17

Total Liabilities

\$179,645.31

Owners Equity

Capital stock 15,000

shares issued and outstanding

1,000.00

Retained earnings

ditto

5,037.56

5,037.44

Total liabilities and owners equity

\$185,582.75

BRIDAL VEIL FALLS DEVELOPMENT CO.
Statement of Partner's Capital
December 31, 1970

	Grubbs	Farwell	Wellington	Total
Original Investment (cash)	\$5,166.67	\$5,166.67	\$5,166.66	\$15,500.00
Additional Investment (cash)	2,400.00	4,000.00	5,000.00	11,400.00
Mileage \$3,000 les 207.04	2,792.96			2,792.96
Mileage 4,400 Mi @ 10¢		440.00		440.00
Trailer rental		23.12		23.12
Sales Books		8.88		8.88
Subsistence allowance @ 6.00 per day	1,374.00	120.00	84.00	1,578.00
Cash Contribution	(317.86)	2,000.00	(317.86)	2,000.00
Less 1969 expenses	0.00	(317.86)		(253.58)
Vacuum & tools		90.00	270.00	360.00
Mileage @ 10¢ Mi.	5.12	32.88		88.00
Utah trip Dec. 70		46.26	25.87	72.13
Miscellaneous expenses	(50.00)			(250.00)
Cash Withdrawal	(09.73)			(209.73)
Tires and cash				
Total	11,091.16	11,609.95	10,228.67	32,929.78
Less 1970 Net loss	<u>3,667.71</u>	<u>3,667.70</u>	<u>3,667.70</u>	<u>11,003.11</u>
Balance 12-31-70	<u>\$7,423.45</u>	<u>\$7,942.25</u>	<u>\$6,560.97</u>	<u>\$21,926.67</u>

Mr. Green
owe's thoughts and comments:

1. It is apparent that the three owners have invested about \$32,000.00 in actual cash and direct expenses into this investment. (Over approx. a two to three year period.)
2. It is going to be very difficult to sell, particularly if the potential purchaser is aware of the following:
 - A. The fact that some of the investments are on railroad right of way and there is some question of legality.
 - B. The Utah-Wasatch County moratorium on any building in the county,. Plans for expansion would be very difficult to accomplish until this moratorium is lifted. Therefore, the additional property has limited value (except perhaps for parking, which is critical).
 - C. The potential income development when the Falls itself is considered as the only entity, certainly cannot show much in the way of growth factor, and unless there is an interested entity similar to ours, that can directly enhance their existing operation from the acquisition of this new business, one would think that any possible buyer would hesitate to make such an investment.

Problems:

Inadequate Parking: This has always been a problem, and will become more acute.

Question: If we sell round trip tickets out of Bridal Veil Falls, where will we put our patrons cars so they will not destroy the chance of any potential patrons for the falls while the train is gone?

Possible Solution: We could sell parking tickets, (if the highway department allows) to park cars at Bridal Veil, redeemable in merchandise or tram tickets (ie. a \$1.00 per car, presentation of ticket allows them a discount on all sales etc.)

Possible Solution: Don't sel tickets out of Bridal Veil but from Vivian, have a loading ramp and parking lot there (perhaps a steward or stewardess) to sell tickets and park cars there.

Possible Solution: Build a bridge over the highway. Provide a shuttle to Vivian.

Think men, think!

Lease with Option to Buy:

I honestly don't think they are entitled to a share of the profits to any great degree. I think they are desperate enough to accept anything that will get them off the hook from direct management responsibility, particularly if there is a promise of a possible purchase at the end of the year. After all, it shows a picture of continuous loses.

1. Clause to allow us to get out if there is major disaster (cable break, Dam bust, Act of God, etc., etc.) *Snow slides*
2. Clause saying they guarantee the operation to be basically sound.

3. Clause saying they must pay taxes (although income should cover somewhat)
4. Clause covering inventory (for protection of our gift concessionaire.)

We are in a position to agree to almost any terms they want on the purchase. If we decide its a good deal we can then make an offer for anything we want, our final offer, otherwise we terminate the lease. However, the lease should be for enough months after our season to allow us to tie it to a prospectus and raise public money to pay for the down payment.

Also, if we can give them stock for a portion of the purchase price (if we have to give any) it should be stock at the offering price which in essence would give us an advantage in the beginning.

Also, I hope to have a conference with their banker explaining all this prior to our Directors Meeting.